



The University of Fiji
(An Entity of Arya Pratinidhi Sabha of Fiji)



SCHOOL OF BUSINESS AND ECONOMICS

Department of Accounting and Finance

Semester 1, Year 2026

FINAL EXAMINATION PAPER

ACC308: TAXATION LAW AND PRACTICE

INSTRUCTIONS:

1. Read the questions and the instructions carefully and answer the questions.
2. You are allowed an **extra 10 minutes of reading time** (during this time, you are not allowed to write with a pen) and **180 minutes (3 Hours) to complete this paper**.
3. A silent, non-programmable calculator is allowed, but not supplied. Electronic Devices are not permitted.
4. Write all your answers in the answer booklet provided. If you need extra sheets, please ask the supervisor. Write your name, course code and student identification number on the answer booklet.
5. This Examination Paper is worth **100 marks** and **contributes 40%** towards the total assessments. You are required to score at least 40 marks in this exam and an overall of 50% to pass this course.
6. This paper contains **Two Sections** and all questions are compulsory to answer.
7. State all your assumptions clearly and provide references to case laws and legislation where applicable.
8. Write all your answers legibly. The marker has the right to award zero for answers that are not legible.
9. This is a **Restricted Open-Book Examination**. *You are allowed to bring the legislation (TAA 2009, VAT Act 1991 and ITA 2015), labelling and highlighting are permitted. No other written or printed materials are permitted. This will be checked during the exam time. If found, it will be considered as attempting to cheat and offenders would be penalised as per the University regulations.*

Examination Format:

<u>Section</u>	<u>Question</u>	<u>Content</u>	<u>Marks</u>	<u>Suggested Time</u>
A	1 – 8	Discussion Questions	60	90 Minutes
B	1 – 2	Practical Tax Analysis	40	90 Minutes
		TOTAL	100	180 Minutes

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SECTION A

DISCUSSION QUESTIONS (60 MARKS)

(Suggested Time: 90 Minutes)

Question 1

Savona is an island nation located in the middle of the Pacific Ocean and was a French colony for many years. Soon after, it gained independence and received its status as a sovereign equal. This means that Savona is an independent State and now has rights to conduct relations with other states and govern its own affairs and look after its people and foreign countries cannot interfere in the domestic affairs as per the UN Charter. In order to run the affairs of the state, it needs to introduce a system to generate revenue to fund government operations and public expenditures. The newly elected government of Savona is considering implementing a tax to generate revenue.

REQUIRED:

You have been appointed as the policy advisor of the government and you are required to provide your views on the following policy matters:

- A. Discuss in some detail the three main types of overall tax system (regime) frameworks that a country can implement. Which system is adopted by Fiji and why? (6 Marks)
- B. Discuss the design issues of the tax system that need to be considered before implementation, with examples from Fiji's tax jurisdiction. (4 Marks)
- C. Discuss one of the consequences of using the World-Wide Tax system and how Fiji combats this issue. (5 Marks)

Question 2

A taxpayer was registered for value-added tax (VAT) under the VAT Act of 1991. The taxpayer's annual turnover was \$80,000 for the tax year 2025. While filing for his VAT return, the taxpayer purposefully defrauded \$4,000 of VAT money by understating revenue and manipulated the income receipts. Two months later, the taxpayer received a call from the tax office that his records are being audited for tax purposes.

REQUIRED:

- A. Discuss the current tax policy in Fiji with regard to registering and frequency of filing VAT returns and what would be the situation in the above scenario. (5 Marks)
- B. Calculate the amount of penalty imposed by the tax office if the taxpayer is found to be evading VAT with reference to the relevant sections of legislative provisions. (5 Marks)

Question 3

David operates a sole trader business and is registered for Value Added Tax (VAT). He is required to file the VAT Return every quarter, with the first quarter's return due on 30th April, 2025. His VAT position for the first quarter was a payable amount of \$550. His grandmother suddenly got ill, and he had to look after her. In the event that David forgot to file the VAT return on time. After his grandmother recovered from the illness, he was able to successfully file the VAT return and make the payment on the 15th of June, 2025.

REQUIRED:

- A. With reference to legislative provisions, discuss the type of penalties and the rate that would be levied for filing the tax return on the 15th of June, 2025, which is after the due date. (4 Marks)
- B. Calculate the total penalty that would be paid by Mallela for filing the VAT return on the 15th of June, 2026. Show the breakdown of the penalties. (6 Marks)

Question 4

When it comes to claiming expenses as an allowable deduction, explain why the “Nexus Requirement” is an important consideration. Provide your answer with reference to relevant legislative provisions and a case law that supports this rule and a case law that was against this rule. (5 Marks)

Question 5

Discuss how the following types of persons are being taxed in Fiji: (5 Marks)

- A. Individuals who are under contract for service
- B. Sole Proprietorship
- C. Partnership
- D. Trusts
- E. Companies

Question 6

Explain with examples, the difference between income receipts and capital receipts. (5 Marks)

Question 7

Tomasi sold a house for \$200,000. Initially, he had bought the house for \$80,000. However, after sometime, he carried out renovations and incurred an improvement cost of \$10,000.

REQUIRED:

Discuss the following scenarios on whether it will result in payment of capital gains tax (including amount) with reference to legislative provisions. (5 Marks)

- A. What if it were Tomasi's principal place of residence?
- B. Sale of a second house?
- C. Gain is less than \$30,000?

Question 8

Discuss any five types of fringe benefits with examples and reference to legislative provisions. (5 Marks)

SECTION B

PRACTICAL TAX ANALYSIS (40 MARKS)

(Suggested Time: 90 Minutes)

QUESTION 1 – INCOME TAX AND FOREIGN TAX CREDITS

Elizabeth works as a Director of Tourism in the Department of Tourism and Current Affairs and she receives an annual salary of \$172,000. She started work in May, 2024. Apart from working, Elizabeth also has a special interest in running a restaurant business, which she established and started operating in December 2025. Frank is the manager of that restaurant which operates in the Nadi area.

The restaurant made total sales of \$430,000 during the year 2025. On the 15th of December, 2025, she received an order to do the catering for a local university for the 2026 graduation held in April. She accepted the order, whereby she received \$30,000* in advance. Elizabeth's business expenses for the year were as follows:

Cost of Sales	\$135,000
Wages	\$55,000
Fine by the City Council for having a dirty restaurant kitchen	\$5,000
Utility expenses	\$100,000
Donation to registered charitable organisations	\$10,000

- She has also leased out floor space to a law firm, where she receives \$2,000** monthly rent.
- Income earned in Japan was YEN 25,000. Tax paid on this income in Japan is YEN 8,000.
- Provisional tax paid by Elizabeth to the tax office is \$20,000.

Additional Information:

- Elizabeth uses cash accounting for recording, for which she has sought approval from the tax office.
- *The \$30,000 is already included in the total sales.
- **She has leased out the floor space since May 2024.
- Elizabeth also received a separate back pay in January 2025, amounting to \$5,000, which relates to the 2024 pay period.
- Tax deducted at source (PAYE) was \$8,500.
- The exchange rate at the time of assessment was 1 FJD = 0.85 YEN

REQUIRED:

Compute Elizabeth's tax payable/ refund for the **tax year ending 2025**. (25 Marks)

Hint: show the order of the tax credit claims.

You are required to show all workings and references to appropriate sections from the 2015 ITA.

QUESTION 2 – VALUE ADDED TAX

Davis Friendly Rentals Fiji Limited uses an invoice basis to lodge Value Added Tax (VAT) Returns. The company has opted to file VAT Returns for every quarter. The Director of the company has hired you as the accountant and your first task assigned is to file the VAT Return for the third quarter, which ended some time ago. The first month of the fourth quarter is about to end in three days' time. You have gathered the following information to help you in preparing the return:

- Total Sales from Motor Vehicle Rental are as follows:
 - Q1 - \$100,000 VIP
 - Q2 - \$75,000 VIP
 - Q3 - \$100,000 VIP

Additional items for the third quarter:

- Zero-Rated Sales - \$10,000 VIP
- Sale of Motor Vehicles - \$15,000 VIP
- Total Expenses meeting invoicing requirements = \$16,000 VIP
- Bad debts Recovered - \$3000 plus VAT
- Purchase Return (Motor Vehicle Parts were returned to the supplier) - \$6,000 plus VAT
- Bad Debts written off - \$2000 VIP
- Sales Return (Motor Vehicle Returned Earlier than the due date) - \$2500 VIP.

REQUIRED:

Prepare the company's VAT return for the third quarter ending 30th September 2025, assuming the current VAT at a rate of 12.5%.

You are required to fill in the VAT Return Form with your final answers after you have done your workings. The Form is attached to the last page of your question paper.

Show all your working and provide appropriate references from the VAT Act 1991. (15 Marks)

THE END

APPENDIX

Chargeable Income (\$)	Resident Individual	Non-Resident Individual
	Income Tax (\$)	Income Tax (\$)
0 – 30,000	Nil	20% of excess over \$0
30,001 – 50,000	18% of excess over \$30,000	\$6,000 + 20% of excess over \$30,000
50,001 – 270,000	\$3,600 + 20% of excess over \$50,000	\$10,000 + 20% of excess over \$50,000
270,001–300,000	\$47,600 + 33% of excess over \$270,000	\$54,000 + 33% of excess over \$270,000
300,001–350,000	\$57,500 + 34% of excess over \$300,000	\$63,900 + 34% of excess over \$300,000
350,001– 400,000	\$74,500 + 35% of excess over \$350,000	\$80,900 + 35% of excess over \$350,000
400,001– 450,000	\$92,000 + 36% of excess over \$400,000	\$98,400 + 36% of excess over \$400,000
450,001– 500,000	\$110,000 + 37% of excess over \$450,000	\$116,400 + 37% of excess over \$450,000
500,001 – 1,000,000	\$128,500 + 38% of excess over \$500,000	\$134,900 + 38% of excess over \$500,000
1,000,001 +	\$318,500 + 39% of excess over \$1,000,000	\$324,900 + 39% of excess over \$1,000,000

